

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
April 26, 2011
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: City and County of San Francisco

Allocation Amount Requested:
Tax-exempt: \$41,000,000

Project Information:
Name: Hunters View Apartments Phase I
Project Address: 227-229 West Point Road
Project City, County, Zip Code: San Francisco, San Francisco, 94124

Project Sponsor Information:
Name: HV Partners 1, L.P. (Hunters Point Affordable Housing, Inc.;
The John Stewart Company and Devine and Gong, Inc.)
Principals: Larry Hollingsworth, Ethel "Corley, Chestene Mason and Edgar
Brown for Hunters Point Affordable Housing Inc.; John K.
Stewart, Jack D. Gardner, Saniel Levine, Mike Smith-Heimer,
Mari Tustin for The John Stewart Company; Richard Devine for
Devine and Gong, Inc.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: March 28, 2011

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 106, plus 1 manager unit
Type: New Construction
Type of Units: Family

San Francisco Redevelopment Agency received an allocation at the September 22, 2010 allocation meeting on behalf of the proposed project. Due to pending legislation that would abolish redevelopment agencies, the project sponsor and the city government agreed that change of issuer was necessary to prevent a possible project development delay. The City and County of San Francisco is requesting a new allocation as the applicant/issuer of the project.

This is a complete revitalization Project. All existing public housing units and other facilities on the site will be demolished. It will be replaced with over 800 new housing units including 267 one-for-one replacement of existing public housing units. All new roads, walkways and infrastructure improvements will be implemented. This is the first phase of three phases.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
99% (105 units) restricted to 50% or less of area median income households.
1% (1 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2, 3, 4 & 5 bedrooms

This is a Project will serve the income range of less than 10% to 120% of the AMI. Along with servicing large families with multiple bedroom units it also will have a large community room to provide City agency services.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	76,251,954	
Estimated Hard Costs per Unit:	\$	380,668	(\$40,350,788 /106 units)
Estimated per Unit Cost:	\$	719,358	(\$76,251,954 /106 units)
Allocation per Unit:	\$	386,792	(\$41,000,000 /106 units)
Allocation per Restricted Rental Unit:	\$	386,792	(\$41,000,000 /106 restricted units)

The Project has total project costs that appear high for the geographic area in which it is located. According to the Project sponsor, the high cost is due to demolition of existing housing replaced with new housing and infrastructure.

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 41,000,000	\$ 0
Developer Capital	\$ 100	\$ 100
LIH Tax Credit Equity	\$ 4,541,503	\$ 22,699,022
Direct & Indirect Public Funds	\$ 30,710,351	\$ 53,552,832
Total Sources	\$ 76,251,954	\$ 76,251,954

Uses of Funds:	
Land Purchase	\$ 641,658
On & Off Site Costs	\$ 59,387,829
Hard Construction Costs	\$ 352,800
Architect & Engineering Fees	\$ 3,937,500
Contractor Overhead & Profit	\$ 247,771
Developer Fee	\$ 2,493,355
Relocation	\$ 3,986,334
Capitalized Interest	\$ 444,000
Other Soft Costs	\$ 1,370,233
	\$ 29,785
	\$ 2,160,689
	\$ 1,200,000
Total Uses	\$ 76,251,954

Description of Financial Structure and Bond Issuance:

This is a Private Placement Purchase transaction with Citibank, N.A. or affiliates as the purchaser.

Analyst Comments:

Project originally received an Allocation from the Committee on September 22, 2010. Due to pending legislation that would abolish redevelopment agencies, the developer and the city government agreed that change of issuer was necessary to prevent a project development delay.

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points: 92.5 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$41,000,000 in tax exempt bond allocation.

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	10
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	118	98	92.5

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.